

1937
ONE HUNDRED
AND FIFTH
ANNUAL REPORT



YEAR ENDED
DECEMBER 31, 1937

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YEAR ENDED
DECEMBER 31, 1937



DIRECTORS

PHILIP R. ALLEN, E. Walpole, Mass.
ROGER AMORY, Boston, Mass.
LOUIS M. ATHERTON, Swampscott, Mass.
FRANK P. CARPENTER, Manchester, N. H.
HUGH J. CHISHOLM, Portland, Maine
WILLIAM DEXTER, Lancaster, Mass.
FAIRMAN R. DICK, New York, N. Y.
HARRY H. DUDLEY, Concord, N. H.
FREDERIC C. DUMAINE, Jr., Weston, Mass.
REGINALD FOSTER, Manchester, Mass.
WILLIAM D. WOOLSON, Springfield, Vt.

EDWARD S. FRENCH, Springfield, Vt.
JAMES GARFIELD, Cambridge, Mass.
ALDUS C. HIGGINS, Worcester, Mass.
ERNEST M. HOPKINS, Hanover, N. H.
LOUIS K. LIGGETT, Newton, Mass.
ROY L. PATRICK, Burlington, Vt.
W. RODMAN PEABODY, Milton, Mass.
*THOMAS N. PERKINS, Westwood, Mass.
WILLIAM B. SKELTON, Lewiston, Me.
J. DUNCAN UPHAM, Claremont, N. H.

* Died October 7, 1937

OFFICERS

MAY 3 1938 A.S.	President and Chairman of Executive Committee	EDWARD S. FRENCH
	Vice-President and Clerk of Corporation	ARTHUR B. NICHOLS
	Vice-President — Finance and Accounting	W. S. TROWBRIDGE
	Vice-President and General Manager	J. W. SMITH
	Vice-President — Purchases and Stores	A. W. MUNSTER
	Vice-President — Traffic	J. W. RIMMER
	Treasurer	E. J. GALLAGHER
	General Counsel	A. P. MACKINNON
	Chief Engineer	A. H. MORRILL

Transfer Agent in Boston for all classes of stock, Old Colony Trust Company, 17 Court Street, Boston, Massachusetts.

Transfer Agent in New York for common stock, Guaranty Trust Company, 140 Broadway, New York City.

To the Stockholders of Boston and Maine Railroad:

On behalf of the Board of Directors there is submitted herewith the report for the year ended December 31, 1937.

The results which your company has attained in the face of sharply reduced revenues on the one hand, and substantially increased costs for labor and material, particularly fuel, on the other, together with the ever increasing tax burden, have been made possible by substantial progress in technical operating efficiency and performance.

Your Directors believe that, in addition to information regarding 1937 operations, the shareholders will also find of interest and value data indicating long-term trends in the company's operations. Accordingly, there are submitted herewith certain comparative operating figures for four years at 5-year intervals from 1922 to 1937 inclusive, which we believe make it wholly clear that severe declines in gross revenue are largely responsible for our present lack of proper earning power.

It is noteworthy that, had the 1937 volume of business been produced with the out-of-pocket costs prevailing in 1922, our 1937 expenses would have been \$6,400,000 larger than they actually were.

Unit selling prices (i. e., Revenue Per Ton Mile and Revenue Per Passenger Mile) have declined in freight service approximately 20% and in passenger service something more than 30% over the period covered. Average wages have been increased from 60.8¢ per hour to 70.8¢ per hour within the period, and yet, in 1937, with \$33,000,000 less gross revenue we have earned *more* net railway operating income than was produced in 1922.

In the last five-year period comparisons and statements even more striking can be made. It will be observed that in 1937 four new all-time records for the company have been established in important operating indices.

	1922	1927	1932	1937
Freight Revenue	\$48,316,267	\$50,055,426	\$29,784,949	\$32,238,672
Passenger Revenue	22,556,855	18,426,031	8,109,168	7,501,687
Operating Revenue.....	79,800,123	77,848,374	45,087,754	46,372,693
Operating Expenses	67,054,397	61,835,502	32,943,668	34,614,104
Operating Ratio (percent).....	84.03	79.43	73.07	74.65
Railway Tax Accruals.....	2,580,677	3,572,869	2,866,976	3,502,046*
Net Railway Operating Income	6,475,740	9,500,773	7,366,344	6,548,870
Revenue Per Ton Mile (¢)	1.796	1.752	1.644	1.415
Revenue Per Pass. Mile (¢).....	2,625	2,653	2,318	1,801
Number of Employees	27,422	23,107	13,576	12,786
Total Wages	\$43,534,192	\$39,228,378	\$20,369,011	\$21,839,213
Average Wages Per Hour (¢)	60.844	65.473	63.408	70.831
Ave. Gross Train Load (tons)	1,085	1,331	1,692	1,940†
Train Miles Per Train Hour.....	10.2	11.1	13.6	13.8
G. T. M. Per Train Hour	11,100	14,750	23,031	26,675†
Lbs. Coal Per 1000 G. T. M.	172	127	109	101†
Average Car Load (tons)	20.1	20.3	19.1	20.5
Car Miles Per Car Day	16.9	22.7	22.3	29.8
Net Ton Miles Per Car Day	248	321	287	428†
% Loaded of Total Car Miles	72.8	69.7	67.4	70.3

† Best record in history of Railroad.

* Excludes credit adjustment account 1936 Railroad Retirement Tax, \$647,925.

INCOME ACCOUNT — CONDENSED

	1937	Increase or Decrease	Per cent
Operating Revenue.....	\$46,372,693 01		
Operating Expenses	34,614,104 12	D \$145,465 84	0.31
		D 1,389,508 57	3.86
Net Revenue from Operation	\$11,758,588 89		
Railway Tax Accruals	2,854,120 57	\$1,244,042 73	11.83
		D 481,974 64	14.45
Railway Operating Income	\$8,904,468 32		
Equipment and Jt. Fac. Rents—Net Dr.	2,355,598 74	\$1,726,017 37	24.04
		30,334 39	1.30
Net Railway Operating Income	\$6,548,869 58		
Other Income	1,200,205 07	\$1,695,682 98	34.94
		71,273 53	6.31
Total Income.....	<u>\$7,749,074 65</u>		
		<u>\$1,766,956 51</u>	<u>29.54</u>
 Deductions:			
Rental Payments	\$1,250,404 14	D \$1,112 09	0.09
Interest on Debt	6,120,380 16	D 75,056 51	1.21
Other Deductions	176,069 49	D 13,278 64	7.01
Net Income	<u>\$202,220 86</u>	<u>\$1,856,403 75</u>	<u>—</u>
Income Applied to Sinking and Other Reserve Funds	\$30,409 59	D \$205,239 16	87.10
Balance.....	<u>\$171,811 27</u>	<u>\$2,061,642 91</u>	<u>—</u>

CAPITAL STOCK

The number of shares of Capital Stock of all classes outstanding December 31, 1937, including full-paid negotiable receipts for subscriptions to Prior Preference Stock, was 1,046,113 shares, of a par value of \$104,611,300.

Beginning January 1, 1934, and until January 1, 1940, holders of this Company's bonds of Series Q to GG, inclusive, have the right to exchange such bonds without limit for Prior Preference stock, dollar for dollar, in amounts of \$500 and multiples thereof.

CHANGES IN FUNDED DEBT

Funded Debt on December 31, 1937, amounted to \$151,394,558.42, a decrease of \$1,642,534.88 since December 31, 1936. Of the total Funded Debt, \$32,556,000 is owned by the Railroad, leaving a balance of \$118,838,558.42 outstanding in the hands of the public.

New Issues:

First Mortgage 3% Series NN Bonds Dated Feb. 1, 1937:

\$200,000 maturing Jan. 1 each year 1938-1949, incl.	\$2,400,000
Balance maturing July 1, 1949	<u>2,600,000</u>

\$5,000,000 00

Contract—Bethlehem Steel Company	1,472,190 00
Contract—Lima Locomotive Works	505,000 00
Contract—Baldwin Locomotive Works	632,500 00
Contract—Pullman Standard Car Mfg. Co.	777,174 02
Contract—New York State E. G. C. Half Moon, N. Y....	1,119 61
Contract—New York State E. G. C. Rotterdam, N. Y.	2,744 15

Total Increase *\$8,390,727 78*

Matured Funded Debt Paid Off:

B. & M. R.R. Sinking Fund Impvt., 4% Bonds paid Feb. 1	\$1,919,000 00
Fitchburg R.R. Gen. Mtge. 4% Bonds paid Feb. 1	5,000,000 00
P. G. F. & C. R.R. First Mtge. 4½% Bonds paid June 1	1,000,000 00
Equipment Trust No. 2, 5½% Gold Certificate paid Aug. 1	121,000 00

Matured Funded Debt Paid Off — *Con.*

Equipment Trust No. 3, 6% Gold Certificate paid June 1	\$141,000 00
Equipment Trust No. 4, 4½% Gold Certificate paid Apr. 1	125,000 00
Equipment Trust No. 5, 5% Gold Certificate paid May 1	114,000 00
Equipment Trust No. 6, 4% Trust Certificate paid May- Nov. 1	176,000 00
Equipment Trust No. 7, 3½% Trust Certificate paid Dec. 1..	300,000 00
Collateral Notes Series A 4% paid Mar. and Sept. 15.....	102,000 00
Collateral Notes Series B 4% paid Mar. and Sept. 15.....	248,000 00
Collateral Notes Series C 4% paid June and Dec. 1	172,000 00
Collateral Notes Series D 4% paid Apr. 15	200,000 00
Contract—Electro Motive Corp.	40,718 09
Contract—Bethlehem Steel Company	235,110 00
Contract—Lima Locomotive Works	84,166 68
Contract—Baldwin Locomotive Works	52,708 32
Contract—New York State E. G. C. Hoosick, N. Y.	1,096 61
Contract—New York State E. G. C. Glenville, N. Y.	224 12
Contract—New York State E. G. C. Melrose, N. Y.	130 32
Contract—New York State E. G. C. Pittstown, N. Y.	1,108 52
<i>Total Decrease</i>	<i>\$10,033,262 66</i>
<i>Net Decrease as above</i>	<i>\$1,642,534 88</i>

INCREASED PASSENGER TRAFFIC

The year 1937 was the first full calendar year by which to measure the results of the sharply reduced passenger fares that went into effect on June 1, 1936. As compared with 1936, which included 7 months of the reduced rates, our 1937 passenger revenue increased \$537,767, or 7.72%; and as compared with 1935, when the higher rates were in effect during the full year, our 1937 revenues increased \$831,862, or 12.47%. The 1937 volume of traffic (number of passengers carried) increased 828,984 or 4.86% over 1936, and 2,226,050 or 14.20% over 1935. Bearing in mind that business conditions as a whole were better in 1936 than in 1935, and better in the greater part of 1937 than in 1936, and that there are increased costs incident to the handling of a larger number of passengers, it is still difficult to state definitely whether or not the lower fares produced a greater *net* revenue.

Included in the carriers' petition to the Interstate Commerce Commission for a 15% increase in freight rates (Ex Parte 123) is a request by the Eastern railroads for an increase of $\frac{1}{2}$ cent per mile in coach fares, excluding commuter fares. At this writing (March 1) no decision has been announced by the Interstate Commerce Commission on this petition.

The number of sleeping car passengers increased 5% while parlor car passengers decreased 7% over 1936. This decline in the use of parlor cars is attributable to new and modernized coach equipment, providing a greatly improved coach service comparable to parlor car comfort, at coach rates of 2 cents per mile as against 3 cents per mile in Pullman cars, plus the Pullman seat charge.

Your company's discriminating advertising policy, though modest in extent, has produced substantial results.

FREIGHT REVENUES AND RATES

Revenues for the early months of 1937 showed increases over the corresponding months of the previous year but the business recession beginning in the late summer was sharply reflected in earnings of the latter part of the year and more than offset the increases of the earlier period.

The cost of trucking railroad freight between stations in substitution for freight train movement, amounting to \$371,000 in 1937, was formerly charged to operating expenses but that year, in compliance with an order from the Interstate Commerce Commission, the cost was deducted from freight revenues and

should be considered when comparison of the freight revenues for the two years is made.

Despite earnest efforts on the part of the railroads to secure an extension of the expiration date on the so-called "emergency charges" (Ex Parte 115) authorized by the Interstate Commerce Commission and put into effect on April 18, 1935, these charges expired by limitation on December 31, 1936, after having been modified by the Commission on July 1, 1936. Consequently, the substantial additional revenue derived from this source was lost to the railroads during 1937, though the Commission did, in the spring of 1937, authorize increases on a few commodities, and on October 19, 1937, authorized increases in rates on bituminous coal, coke, iron ore, crude petroleum, asphalt, iron and steel, cement, etc. Tariffs covering the latter were effective November 15, 1937. Increased rates on other commodities were permitted to become effective on December 20, 1937. It is expected that all these increases will produce about \$350,000 additional annual revenue for the Boston and Maine.

In November, 1937, your company joined with other railroads of the country in an application to the Interstate Commerce Commission for a comprehensive increase of 15% in freight rates, with exceptions as to coal, coke, fruits and vegetables, sugar and lumber, on which commodities specified maximums would apply. This application is designated Ex Parte 123. With allowance for the exceptions mentioned, it is believed that the increase requested, if granted in full, would produce slightly more than 12% additional revenue for railroads in the Eastern region. For the Boston and Maine, based on the 1937 volume, this would mean about \$3,860,000 additional revenue. It is expected that the Commission's decision on Ex Parte 123 will have been announced prior to the publication of this annual report.

WATERBORNE TRAFFIC

There was again a satisfactory increase in tonnage handled at our Boston docks during the year.

The movement of export grain through our elevators ceased entirely, but we handled 5,335,192 bushels of grain imported for domestic consumption. This was an abnormal movement, probably non-recurring, which was occasioned by crop shortage in this country.

INCREASED WAGE SCALES

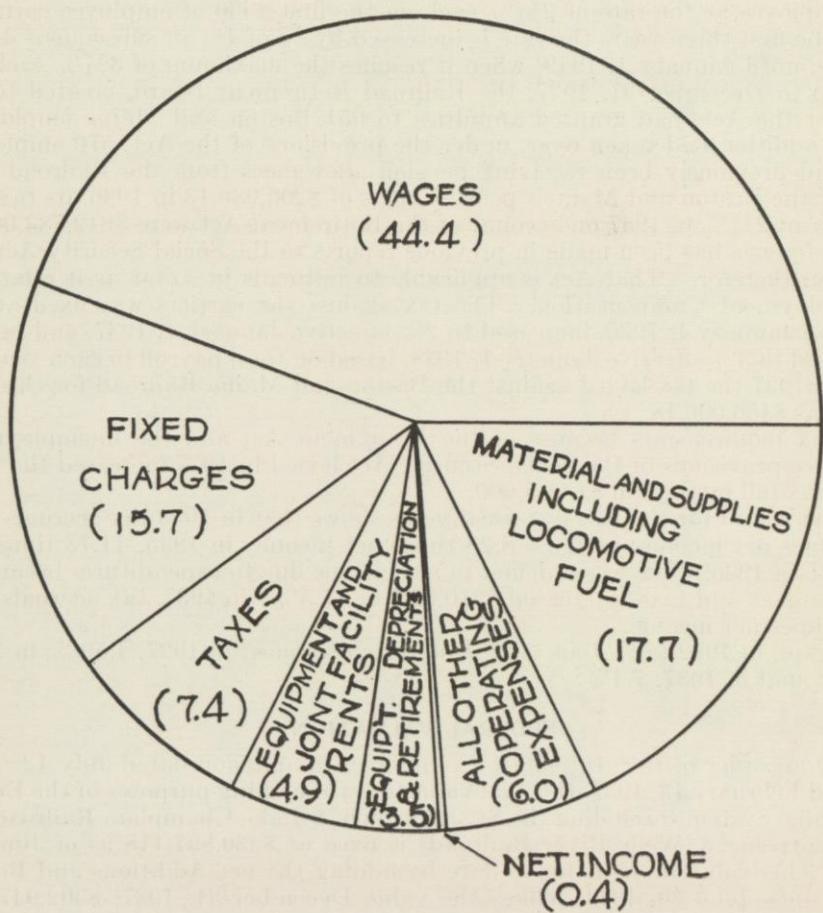
Early in 1937 nation-wide demands for increased wages on the part of the two large groups of railroad employees, the train service or transportation group, and the non-train service group, comprising clerks, freight handlers, shopmen, etc., etc., created a grave situation.

Negotiations by a committee representing the railroad managements, and committees representing the employees, were carried on nationally over a period of several months, finally resulting in agreements by which the non-train service group was awarded an increase of 5 cents per hour, effective August 1, 1937, and the train service group was awarded an increase of 44 cents per day (5.5 cents per hour for an 8-hour day) effective October 1, 1937.

These increases represented for the Boston and Maine additional labor costs amounting to \$584,000.00 for the balance of the year after they became effective.

Out of every dollar of 1937 operating revenues 44.4¢ was paid out in wages.

BOSTON AND MAINE RAILROAD
YEAR 1937
DISPOSITION OF THE RAILROAD DOLLAR



TAXES

The Railroad Retirement Act of 1937 and the Carriers Taxing Act of 1937 were enacted by Congress and became law in June.

Briefly, this legislation gives to railroad employees (men and women) attaining age 65 a right of retirement with pension based on years of service and earnings up to \$300 per month; earnings beyond \$300 per month are not taken into account. Employees attaining age 60, and having not less than 30 years of railroad service, may retire with pension reduced by 1-15th for each year by which the employee lacks 65 years of age. Employees totally and permanently disabled, having not less than 30 years of service, may retire at any age without reduction because of age.

To provide the Pension Fund, taxes are assessed equally against employer and employee at the rate of $2\frac{3}{4}\%$ each on the first \$300 of employee earnings. After the first three years the rate is increased by $\frac{1}{4}$ of 1% in subsequent 3-year periods, until January 1, 1949, when it reaches the maximum of $3\frac{3}{4}\%$ each.

Up to December 31, 1937, the Railroad Retirement Board, created to administer the Act, had granted annuities to 951 Boston and Maine employees, and in addition had taken over, under the provisions of the Act, 570 employees who had previously been receiving pension allowances from the Railroad. As against the Boston and Maine's pension costs of \$296,980.13 in 1936, its taxes at the rate of $2\frac{3}{4}\%$ in 1937 on account of the Retirement Act were \$612,783.00.

Reference has been made in previous reports to the Social Security Act and taxation therefor. That Act is applicable to railroads in so far as it relates to Unemployment Compensation. The tax against the carriers was fixed at 1% effective January 1, 1936, increased to 2% effective January 1, 1937, and further increased to 3% effective January 1, 1938, based on total payroll in each year.

In 1937 the tax levied against the Boston and Maine Railroad for this purpose was \$456,000.18.

Tax requirements because of the Retirement Act and the unemployment insurance provisions of the Social Security Act levied in 1937 increased the Railroad's tax bill more than \$1,065,000.

The record for the last five fiscal years shows that in 1933 tax accruals were 7.97 times net income; in 1934, 8.28 times net income; in 1935, 11.73 times net income; in 1936, there was a deficit in net income due to expenditures because of flood damage and taxes increased \$910,672, or 37.5%; in 1937, tax accruals were 17.31 times net income.

Again, in 1922 taxes took 3.22% of gross revenues; in 1927, 4.59%; in 1932, 6.35%; and in 1937, 7.4%.

FEDERAL VALUATION

By an order of the Interstate Commerce Commission dated July 12, 1930, received February 13, 1931, the final value for rate-making purposes of the Boston and Maine System (excluding the St. Johnsbury & Lake Champlain Railroad and the Montpelier & Wells River Railroad) is fixed at \$230,897,118 as of June 30, 1914. This value brought up to date by adding the net Additions and Betterments since June 30, 1914, makes the value December 31, 1937, \$302,947,609. This does not include value of non-carrier property.

OPERATING RESULTS

Notwithstanding a decline in traffic volume, commencing in August and growing progressively more severe in each succeeding month of the year, our operating records show that four new all-time high records have been established.

Average gross train load attained a new high record at 1,940 tons, 28 tons above the previous high record set in 1936. These heavier trains were moved at an average speed of 13.8 miles per train hour, or an increase of 4.5% as com-

pared with the previous year. The two factors of heavier load and greater speed brought about a new peak of 26,675 Gross Ton Miles per Train Hour, exceeding the previous high record of 25,259 Gross Ton Miles per Train Hour made in 1934.

During the year we placed in service 10 new heavy locomotives, 5 Mountain type and 5 Pacifics. Average miles per locomotive day in 1937 (excluding bad order, stored and surplus locomotives) were 94.6 in freight service and 116.9 in passenger service.

In the consideration of operating results for the current year comparison with operations of previous years, as shown in the 15-year statement appearing earlier in this report, are illuminating. It will be noted that the operating ratio from 1922 to 1937 declined from 84.03% to 74.65%. This drop, however, does not accurately measure the increase in efficiency, as cost ratios are affected by changes in selling price and in wage rates. For example, on the basis of 1937 traffic, assuming that the freight and passenger rates and wages of 1922 were effective in the current year, our operating ratio would have been 53.92%, and our Net Operating Revenue to correspond would have been increased to more than \$26,000,000.

It would seem fair, therefore, to measure the gain in efficiency due to improved plant and improved methods of operation over this 15-year period in the sum of \$15,193,000. Even this does not fully measure the gain in efficiency, however, as the total volume of business has likewise declined, and in a mass production industry unit cost is increased when volume declines.

This improvement in operating efficiency likewise can be measured by a comparison of the statistics unaffected by wage costs or rates; for example, the Gross Ton Miles per Train Hour have increased 140.3%; the Gross Train Load has increased 78.8%; the Gross Ton Miles per Pound of Coal Consumed have increased 70.2%, and the Net Ton Miles per Car Day have increased 72.6%. Improvements comparable to these just enumerated have been made in Maintenance of Way and Shop Operation.

In the last fifteen years great changes have taken place in local traffic requirements in the territory served by the Boston and Maine Railroad, due to the increasing importance of the motor vehicle in short-haul transportation. Your company has been obliged to adjust itself to these changes. Whenever it is definitely determined that rail service is no longer required in any community, authority is immediately sought for the discontinuance of such service. During 1937, under Interstate Commerce Commission authority, we abandoned 30 miles of line, making a total of 270 miles of line abandoned in the last 15 years; and we have discontinued with proper authorization local passenger service on over 400 additional miles of line. These changes have resulted in substantial economies.

The regulation of passenger-carrying buses under the Federal Motor Carrier Act of 1935 has become fairly well established. The regulation of freight-carrying motor trucks, on the other hand, because of the large number of operators, the complication of rates and the various types of service involved, is still in the development stage. Truck rates, though published, have not as yet been worked out on a generally compensatory basis and relatively few certificates have been issued. The language of the Act causes great uncertainty as to the status of trucking in connection with railroad operations, but it has become increasingly clear that it will be difficult for railroads to expand their highway operations. Your company, through its subsidiary Boston and Maine Transportation Company, had established such operations in its territory well in advance of the passage of the Act.

ADDITIONS AND BETTERMENTS

Track changes were completed at various points to provide better service, to facilitate operation and to give more economical performance.

Through the use of Federal Works appropriations, grade crossings were eliminated at

Newbury, Mass.	East Kingston, N. H.
Worcester, Mass.	Manchester, N. H.
Lunenburg, Mass.	Haverhill, N. H.
Ayer, Mass.	
Ashburnham, Mass.	

Other crossings were eliminated by closing the highways at

Gardner, Mass.	Plaistow, N. H.
Canterbury, N. H.	Roby, N. H.
Littleton, N. H.	

Additional riprap has been placed at many points to protect river banks from erosion by flood waters. Retaining walls have been constructed at other locations to guard against slides through saturation. Track drainage has been improved.

6,200 tons of new 112-pound rail were laid on the New Hampshire, Fitchburg and Terminal Divisions.

Stone ballast was placed through the yard at Dover, N. H. and on the Terminal Division from Everett Jct. to Revere, Mass. Gravel ballasting was completed from Claremont Jct., N. H. to Windsor, Vt. and at various locations from Johnsonville to Mechanicville, N. Y.— all on the Fitchburg Division.

Bridges at Brattleboro, Vt. and at Scotia, N. Y. were replaced with new structures in connection with highway changes and a new bridge was constructed at Linden, Mass. by the use of Federal funds.

16 bridges and 9 culverts were rebuilt as maintenance work.

Automatic highway crossing signals were installed at 6 locations as U. S. Works projects. In addition, the Railroad provided standard flashing signals at 11 crossings, mechanical gates at 1 crossing, traffic signals to supplement gates at 1 crossing, and improvements to existing protection at 11 additional crossings.

Railroad signal aspects were changed between Hoosick Jct. and Eagle Bridge, N. Y. to provide increased braking distances. Electric approach signal lighting was installed between East Fitchburg and Fitchburg, Mass. and is under way from there to Greenfield, Mass.

Filling of the water area in the Boston Terminal was continued.

Better automobile unloading and freight handling facilities and freight driveways were provided at various points. Considerable improvements were made to Boston piers and freight sheds to better accommodate traffic handled to and from ships.

A new passenger station was completed at White River Jct., Vt., and opened to the public on November 14.

Your Directors record, with deep regret, the death on October 7, 1937, of Thomas Nelson Perkins, who was elected to the Board on April 9, 1924. As Director, as member of the Executive Committee, as Chairman of the Executive Committee, as Acting President and as Chairman of the Board, he was closely associated with the administration of your Railroad for 13 years, and for the 5 years preceding April 25, 1933, when he resigned as Chairman of the Board,

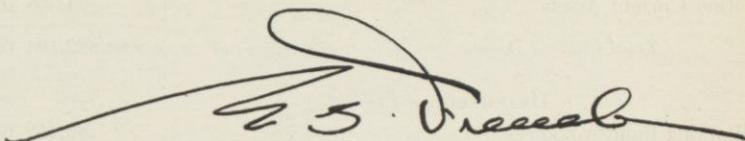
though retaining his membership as a Director and member of the Executive Committee, he was the dominating influence in your company's policies.

Mr. Perkins had a natural gift for leadership, but he had the more precious gift of winning men's love. His reputation was that of a man wise in counsel, a seeker of the truth, and a fearless facer of facts. If he pointed a way which seemed hard to travel, it was made easier by the play of his kindly humor. Of Puritan stock, and endowed with the Puritan tradition of duty, if he could not be what he would have called soft with himself, he was equally unable to restrain an instinct for gentleness and generosity in his friendships.

The devotion of Mr. Perkins to your corporation but reflected his deep interest in the welfare of northern New England. It was his ambition that the Boston and Maine Railroad should provide adequate and efficient transportation facilities to the many communities, large and small, which are dependent on its service. His loss to the Railroad and to the many beneficiaries of his wisdom and kindness cannot be measured.

In again recording their appreciation of the loyalty and efficiency of the organization as a whole, your Directors desire especially to commend those officers and employees who, by their successful application of better and more economical methods of operation and administration, have aided so greatly in attaining results whose value will be more apparent in a year of satisfactory business volume.

By order of the Board of Directors,



March 1, 1938.

President.

CONDENSED GENERAL BALANCE SHEET — Assets

	Dec. 31, 1937	Dec. 31, 1936
ROAD AND EQUIPMENT		
Investment in Road.....	\$185,075,839 38	\$185,868,571 02
Investment in Equipment	56,896,383 77	54,212,220 72
<i>Total</i>	\$241,972,223 15	\$240,080,791 74
Improvements on Leased Railway Property†	16,242,929 58	17,340,439 02
Sinking Funds.....	—	5,068,499 53
Deposits in Lieu of Mortgaged Property Sold	635,498 58	54,923 93
Miscellaneous Physical Property.....	2,565,163 85	3,807,588 70
Investments in Affiliated Companies	5,063,982 34	4,848,616 22
Other Investments	2,887,450 72	2,431,208 57
<i>Total Investments</i>	\$269,367,248 22	\$273,632,067 71
CURRENT ASSETS		
Cash.....	\$1,453,399 46	\$4,721,811 25
Cash in Transit — Agents' Remittances	243,511 99	387,096 73
Time Drafts and Deposits	53,000 00	58,000 00
Special Deposits	320,315 87	31,066 73
Loans and Bills Receivable	892 64	431 21
Traffic and Car Service Balances Receivable	625,329 40	502,100 04
Net Balance Receivable from Agents and Conductors	490,073 70	776,161 26
Miscellaneous Accounts Receivable	1,483,128 31	1,618,361 93
Material and Supplies	3,975,607 65	4,191,939 88
Interest and Dividends Receivable	91,937 50	79,077 08
Rents Receivable	140,690 00	140,690 00
Other Current Assets.....	4,308 09	4,575 52
<i>Total Current Assets</i>	\$8,882,194 61	\$12,511,311 63
DEFERRED ASSETS		
Working Fund Advances	\$9,452 63	\$10,887 06
Insurance and Other Funds	530,736 53	35,000 00
Other Deferred Assets	863,588 56	1,367,112 15
<i>Total Deferred Assets</i>	\$1,403,777 72	\$1,412,999 21
UNADJUSTED DEBITS		
Insurance Premiums Paid in Advance	\$60,622 83	\$22,780 96
Discount on Funded Debt	2,960,129 60	3,049,137 44
Other Unadjusted Debits	2,025,961 32	3,217,742 89
Securities Issued or Assumed — Unpledged	5,311,000 00	856,500 00
Securities Issued or Assumed — Pledged	27,000,000 00	28,000,000 00
<i>Total Unadjusted Debits</i>	\$37,357,713 75	\$35,146,161 29
<i>Grand Total</i>	\$317,010,934 30	\$322,702,539 84

†Does not include improvements on property of affiliated companies nor on leased roads when leases provide for current settlement.

CONDENSED GENERAL BALANCE SHEET — Liabilities

	Dec. 31, 1937	Dec. 31, 1936
CAPITAL STOCK		
Common Stock — 395,051 Shares	\$39,505,100 00	\$39,505,100 00
Preferred Stock — 31,498 Shares	3,149,800 00	3,149,800 00
First Preferred Stock — 388,179 Shares	38,817,900 00	38,817,900 00
Prior Preference Stock (Includes Negotiable Receipts)	23,138,500 00	23,138,500 00
<i>Total Capital Stock</i>	\$104,611,300 00	\$104,611,300 00
Stock Liability for Conversion	3,000 00	3,000 00
Premiums on Capital Stock	4,227,040 14	4,227,040 14
<i>Total Capital Stock and Premiums</i>	\$108,841,340 14	\$108,841,340 14
Grants in aid of Construction	\$17,252 22	\$17,252 22
LONG TERM DEBT		
Funded Debt Unmatured	\$148,102,500 00	\$152,720,500 00
Miscellaneous Obligations	3,292,058 42	316,593 30
<i>Total Long Term Debt</i>	\$151,394,558 42	\$153,037,093 30
CURRENT LIABILITIES		
Loans and Bills Payable	\$13,069,437 00	\$13,129,874 63
Traffic and Car Service Balances Payable	1,790,006 47	2,484,019 06
Audited Accounts and Wages Payable	2,218,501 31	1,838,648 70
Miscellaneous Accounts Payable	439,408 05	1,622,187 43
Interest Matured Unpaid	394,537 00	318,300 75
Dividends Matured Unpaid	13,734 06	13,734 06
Funded Debt Matured Unpaid	2,300 00	800 00
Unmatured Interest Accrued	1,342,109 26	1,440,443 61
Unmatured Rents Accrued	178,727 30	182,354 17
Other Current Liabilities	340 22	368 73
<i>Total Current Liabilities</i>	\$19,449,100 67	\$21,030,731 14
DEFERRED LIABILITIES		
Due to Leased Roads at Expiration of Leases	\$209,988 70	\$209,988 70
Other Deferred Liabilities	125,152 72	131,404 88
<i>Total Deferred Liabilities</i>	\$335,141 42	\$341,393 58
UNADJUSTED CREDITS		
Tax Liability	\$781,437 52	\$585,721 21
Insurance and Casualty Reserves	822,498 86	1,324,718 30
Accrued Depreciation — Road	192,383 65	187,894 69
Accrued Depreciation — Equipment	22,703,671 41	23,621,683 77
Accrued Depreciation — Miscellaneous Physical Property	634,345 83	638,859 16
Other Unadjusted Credits	593,677 88	450,518 50
<i>Total Unadjusted Credits</i>	\$25,728,015 15	\$26,809,395 63
CORPORATE SURPLUS		
Additions to Property through Income since June 30, 1907	\$2,419,305 65	\$2,389,538 12
Funded Debt Retired through Income and Surplus	3,848,000 00	1,929,000 00
Sinking Fund Reserves	—	5,132,594 26
Miscellaneous Fund Reserves	745,980 05	—
<i>Total Appropriated Surplus</i>	\$7,013,285 70	\$9,451,132 38
Profit and Loss — Balance	4,232,240 58	3,174,201 45
<i>Total Corporate Surplus</i>	\$11,245,526 28	\$12,625,333 83
<i>Grand Total</i>	\$317,010,934 30	\$322,702,539 84
BONDS GUARANTEED		
The St. Johnsbury and Lake Champlain R.R. Co. First Mortgage 5% Bonds due March 1, 1944	\$1,328,000 00
Concord & Claremont, N. H., R.R. First Mortgage 5% Bonds, due January 1, 1944	500,000 00
The Peterborough and Hillsborough R.R. First Mortgage 4½% Bonds due July 1, 1941, owned by Boston and Maine Railroad	100,000 00
		\$1,928,000 00

INCOME ACCOUNT

	Year Ended Dec. 31, 1937	Increase or Decrease	Per cent
TRANSPORTATION REVENUE,			
Freight	\$32,238,671 52	D \$1,034,202 92	3.11
Passenger	7,501,687 41	537,767 07	7.72
Excess Baggage	9,437 87	D 154 50	1.61
Mail	1,461,305 18	110,693 10	8.20
Express	816,031 72	D 53,865 57	6.19
Other Passenger Train	312,287 18	6,080 60	1.99
Milk	1,224,575 79	D 16,974 78	1.37
Switching	587,070 40	D 13,738 19	2.29
Water Transfers — Freight	6,759 31	1,419 52	26.58
<i>Total Transportation Revenue</i>	\$44,157,826 38	D \$462,975 67	1.04
INCIDENTAL REVENUE,			
Dining and Buffet	\$73,456 01	D \$12,671 03	20.85
Hotel and Restaurant	13,766 19	D 1,592 91	10.37
Station and Train Privileges	175,584 14	6,294 84	3.72
Parcel Room	17,799 59	1,971 48	12.46
Storage — Freight	113,775 61	47,352 18	71.29
Storage — Baggage	2,624 08	235 10	9.84
Demurrage	172,577 67	40,257 76	30.42
Telegraph and Telephone	16,770 34	1,189 61	7.64
Grain Elevator	78,716 23	12,205 94	18.35
Power	52,523 35	176 82	.34
Rents of Buildings and Other Property	629,441 47	74,938 98	13.51
Miscellaneous	679,059 71	72,489 54	11.95
<i>Total Incidental Revenue</i>	\$2,026,094 39	\$268,190 37	15.26
Joint Facility — Cr.	\$189,826 49	\$49,462 22	35.24
Joint Facility — Dr.	1,054 25	142 76	15.66
<i>Total Joint Facility Operating Revenue</i>	\$188,772 24	\$49,319 46	35.37
<i>Total Operating Revenues</i>	\$46,372,693 01	D \$145,465 84	0.31
OPERATING EXPENSES,			
Maintenance of Way and Structures	\$6,188,112 00	D \$721,947 35	10.45
Maintenance of Equipment	7,238,607 56	D 179,973 59	2.43
Traffic	803,088 29	D 16,549 73	2.02
Transportation	18,267,770 53	D 352,296 40	1.89
Miscellaneous Operations	204,793 48	74,377 03	57.03
General	1,922,491 64	D 185,127 98	8.78
Transportation for Investment — Cr.	10,759 38	7,990 55	288.59
<i>Total Operating Expenses</i>	\$34,614,104 12	D \$1,389,508 57	3.86
<i>Operating Ratio</i>	(74.65%)	D (2.75%)	
<i>Net Operating Revenue</i>	\$11,758,588 89	\$1,244,042 73	11.83
TAX ACCRUALS	\$2,854,120 57	D \$481,974 64	14.45
<i>Operating Income (carried forward)</i>	\$8,904,468 32	\$1,726,017 37	24.04

D Indicates decrease.

INCOME ACCOUNT — Concluded

	Year Ended Dec. 31, 1937	Increase or Decrease	Per cent
<i>Operating Income (brought forward)</i>	\$8,904,468 32	\$1,726,017 37	24.04
Rent from Locomotives	\$21,281 33	D \$12,404 68	36.82
Rent from Passenger Train Cars	316,964 24	6,377 74	2.05
Rent from Work Equipment	39,532 41	D 9,396 11	19.20
Joint Facility Rent Income	353,462 92	7,889 80	2.28
<i>Total Rent Income</i>	\$731,240 90	D \$7,533 25	1.02
Hire of Freight Cars — Debit Balance	\$2,147,550 26	D \$13,437 41	0.62
Rent for Locomotives	9,130 57	717 48	8.53
Rent for Passenger Train Cars	431,620 89	D 123 53	0.03
Rent for Floating Equipment	3,711 30	996 63	36.71
Rent for Work Equipment	8,355 58	D 6,302 63	43.00
Joint Facility Rents	486,471 04	40,950 60	9.19
<i>Total Rents Payable</i>	\$3,086,839 64	\$22,801 14	0.74
<i>Net Rents Payable</i>	\$2,355,598 74	\$30,334 39	1.30
<i>Net Railway Operating Income.....</i>	\$6,548,869 58	\$1,695,682 98	34.94
OTHER INCOME			
Income from Lease of Road	\$318,607 85	D \$1,101 81	0.35
Miscellaneous Rent Income	315,269 67	2,984 13	0.94
Miscellaneous Nonoperating Physical Property	74,779 84	1,732 28	2.37
Dividend Income	84,163 95	23,865 45	39.58
Income from Funded Securities	121,032 31	3,950 58	3.37
Income from Unfunded Securities and Accounts	225,070 61	66,487 03	41.93
Income from Sinking and Other Reserve Funds	27,193 75	D 18,926 25	41.04
Miscellaneous Income	34,087 09	D 3,953 24	10.39
<i>Total Other Income.....</i>	\$1,200,205 07	\$71,273 53	6.31
<i>Total Income</i>	\$7,749,074 65	\$1,766,956 51	29.54
MISCELLANEOUS DEDUCTIONS FROM INCOME,			
Miscellaneous Rents	\$7,156 99	D \$1,826 95	20.34
Miscellaneous Tax Accruals.....	28,886 44	D 17,289 86	37.44
Separately Operated Properties — Loss	17,495 53	1,398 87	8.69
Miscellaneous Income Charges	12,067 94	D 176 07	1.44
<i>Total Miscellaneous Deductions</i>	\$65,606 90	D \$17,894 01	21.43
<i>Income Available for Fixed Charges</i>	\$7,683,467 75	\$1,784,850 52	30.26
FIXED CHARGES,			
Rent for Leased Roads	\$1,243,247 15	\$714 86	0.06
Interest on Funded Debt*	5,555,277 09	D 75,540 71	1.34
Interest on Unfunded Debt	565,103 07	484 20	0.09
Amortization of Discount on Funded Debt	117,619 58	2,788 42	2.43
<i>Total Fixed Charges</i>	\$7,481,246 89	D \$71,553 23	0.95
<i>Net Income</i>	\$202,220 86	\$1,856,403 75	—
Income Applied to Sinking and Other Reserve Funds	\$30,409 59	D \$205,239 16	87.10
<i>Total Appropriations of Net Income</i>	\$30,409 59	D \$205,239 16	87.10
<i>Balance Transferred to Profit and Loss</i>	\$171,811 27	\$2,061,642 91	—

*Interest amounting to \$4,353.34 for 1937 and \$190,666.25 for 1936 accrued on bonds of Boston and Maine Railroad held in Sinking Fund is included in account "Income Applied to Sinking Funds."

D Indicates decrease

OPERATING EXPENSES

	Year Ended Dec. 31, 1937	Increase or Decrease
MAINTENANCE OF WAY AND STRUCTURES		
Superintendence	\$422,516 83	D \$4,564 81
Roadway Maintenance	455,736 14	D 626,214 61
Tunnels and Subways	15,722 85	D 3,389 59
Bridges, Trestles and Culverts	192,363 50	D 427,851 61
Ties	630,515 17	183,376 71
Rails	280,223 01	82,965 75
Other Track Material	352,557 22	120,909 94
Ballast	86,857 67	41,337 38
Track Laying and Surfacing	1,614,854 57	180,156 89
Fences, Snowsheds and Signs	35,350 71	1,664 45
Station and Office Buildings	359,799 84	92,689 43
Station and Office Buildings — Depreciation	4,488 96	—
Roadway Buildings	20,249 88	D 3,564 95
Water Stations	41,283 35	D 10,427 30
Fuel Stations	26,142 85	2,959 15
Shops and Enginehouses	198,314 11	D 31,106 20
Grain Elevators	18,845 89	9,719 50
Storage Warehouses	1,647 28	841 32
Wharves and Docks	63,933 20	32,384 24
Coal and Ore Wharves	28,390 49	D 4,864 83
Telegraph and Telephone Lines	32,643 17	D 9,217 90
Signals and Interlockers	585,175 57	D 3,569 12
Power Plants	1,182 92	D 2,322 69
Power Transmission Systems	31,854 43	D 11,641 41
Miscellaneous Structures	559 91	D 23 53
Roadway Machines	77,112 27	24,136 55
Small Tools and Supplies	122,548 14	6,812 28
Removing Snow, Ice and Sand	122,400 45	D 384,484 65
Public Improvements — Maintenance	159,172 62	39,352 19
Injuries to Persons	48,657 08	5,629 15
Insurance	22,371 43	D 24,018 04
Stationery and Printing	6,577 37	D 704 57
Other Expenses	79 07	D 496 53
Maintaining Joint Tracks, Yards and Other Facilities — Dr.	184,698 59	D 37,860 38
Maintaining Joint Tracks, Yards and Other Facilities — Cr.	57,267 14	D 38,516 58
Right of Way Expenses	552 60	423 86
<i>Total Maintenance of Way and Structures</i>	\$6,188,112 00	D \$721,947 35
 MAINTENANCE OF EQUIPMENT		
Superintendence	\$322,310 04	\$4,258 37
Shop Machinery	165,045 25	D 30,102 01
Power Plant Machinery	27,062 72	D 9,313 63
Steam Locomotives — Repairs	2,744,378 82	D 291,222 42
Other Locomotives — Repairs	71,589 98	6,031 84
Freight-Train Cars — Repairs	1,057,944 06	194,332 96
Passenger-Train Cars — Repairs	885,005 25	D 27,355 14
Work Equipment — Repairs	182,736 34	D 1,625 92
Miscellaneous Equipment — Repairs	10,251 03	D 739 87
Equipment — Retirements	40,272 30	2,158 32
Equipment — Depreciation	1,606,294 02	D 19,880 99
Injuries to Persons	34,831 74	D 7,592 64
Insurance	12,044 31	D 14,512 87
Stationery and Printing	6,177 28	603 99
Other Expenses	2,471 79	1,260 60
Maintaining Joint Equipment at Terminals — Dr.	73,722 56	13,843 19
Maintaining Joint Equipment at Terminals — Cr.	3,529 93	117 37
<i>Total Maintenance of Equipment</i>	\$7,238,607 56	D \$179,973 59

D Indicates decrease.

OPERATING EXPENSES — *Continued*

	Year Ended Dec. 31, 1937	Increase or Decrease
TRAFFIC		
Superintendence	\$307,861 34	D \$13,539 80
Outside Agencies	272,881 15	10,374 31
Advertising	134,489 20	D 15,705 48
Traffic Associations	28,331 43	4,568 89
Industrial and Immigration Bureaus	13,258 42	548 68
Insurance	240 19	D 94 32
Stationery and Printing	45,980 26	D 2,741 41
Other Expenses	46 30	39 40
<i>Total Traffic.....</i>	\$803,088 29	D \$16,549 73
TRANSPORTATION		
Superintendence	\$492,079 93	\$6,854 39
Dispatching Trains	188,064 93	D 3,092 30
Station Employees	3,083,996 78	155,837 86
Weighing, Inspection and Demurrage Bureaus	13,284 63	888 23
Coal and Ore Wharves	98,413 65	D 12,797 58
Station Supplies and Expenses	287,300 80	D 1,396 80
Yardmasters and Yard Clerks	440,817 73	5,556 73
Yard Conductors and Brakemen	955,557 27	32,099 19
Yard Switch and Signal Tenders	164,863 90	1,974 17
Yard Enginemen	526,010 02	D 45,163 33
Yard Motormen	59,266 90	58,984 80
Yard Switching Fuel	443,340 17	D 9,334 35
Water for Yard Locomotives	16,645 97	D 81 01
Lubricants for Yard Locomotives	13,639 91	328 57
Other Supplies for Yard Locomotives	7,967 80	D 141 00
Enginehouse Expenses — Yard	108,986 30	D 975 12
Yard Supplies and Expenses	51,069 87	1,175 51
Operating Joint Yards and Terminals — Dr.	988,714 72	50,424 13
Operating Joint Yards and Terminals — Cr.	181,050 40	1,452 68
Train Enginemen	1,791,658 44	D 29,846 05
Train Motormen	96,542 75	7,681 15
Train Fuel	2,731,595 69	D 165,250 18
Train Power Purchased	107,537 71	D 349 78
Water for Train Locomotives	127,785 02	D 3,931 57
Lubricants for Train Locomotives	75,009 12	401 37
Other Supplies for Train Locomotives	42,656 99	527 24
Enginehouse Expenses — Train	612,931 59	14,272 53
Trainmen	2,308,276 95	36,445 75
Train Supplies and Expenses	827,994 14	7,060 21
Signal and Interlocker Operation	456,032 08	1,208 22
Crossing Protection	699,854 48	29,129 88
Drawbridge Operation	25,703 77	1,874 09
Telegraph and Telephone Operation	43,171 58	1,220 59
Operating Floating Equipment	9,324 89	2,322 78
Stationery and Printing	86,397 95	D 6,376 24
Other Expenses	12,385 74	D 468,248 39
Operating Joint Tracks and Facilities — Dr.	25,340 54	D 686 45
Operating Joint Tracks and Facilities — Cr.	41,266 73	1,524 19
Insurance	8,538 79	D 9,038 47
Clearing Wrecks	31,911 03	D 5,542 19
Damage to Property	17,196 11	D 12,506 67
Damage to Live Stock on Right-of-Way	1,737 48	D 299 60
Loss and Damage — Freight	215,222 91	20,261 05
Loss and Damage — Baggage	1,339 59	D 58 00
Injuries to Persons	193,921 04	D 36,328 05
<i>Total Transportation</i>	\$18,267,770 53	D \$352,296 40

D Indicates decrease.

OPERATING EXPENSES — Concluded

	Year Ended Dec. 31, 1937	Increase or Decrease
MISCELLANEOUS OPERATIONS		
Dining and Buffet Service	\$101,489 55	\$13,831 18
Hotel and Restaurants	14,979 66	3,236 67
Grain Elevators	88,157 34	63,798 02
Other Miscellaneous Operations	166 93	15 50
<i>Total Miscellaneous Operations</i>	\$204,793 48	\$74,377 03
GENERAL		
Salaries and Expenses of General Officers	\$185,413 55	D \$3,043 09
Salaries and Expenses of Clerks and Attendants	1,238,422 67	19,767 11
General Office Supplies and Expenses	104,574 51	341 15
Law Expenses	149,282 82	20,079 84
Insurance	749 69	345 25
Pensions	106,108 10	D 190,872 03
Stationery and Printing	45,921 27	4,021 77
Valuation Expenses	27,544 32	548 13
Other Expenses	51,228 83	12,383 42
General Joint Facilities — Dr.	13,452 18	D 7,395 15
General Joint Facilities — Cr.	206 30	D 228 10
<i>Total General</i>	\$1,922,491 64	D \$185,127 98
Transportation for Investment — Cr.	\$10,759 38	\$7,990 55
<i>Total Operating Expenses</i>	\$34,614,104 12	D \$1,389,508 57
<i>Ratio to Total Operating Revenues</i>	(74.65%)	D (2.75%)

D Indicates decrease.

PROFIT AND LOSS ACCOUNT, DECEMBER 31, 1937

Item	Dr.	Cr.
Balance, December 31, 1936 (Credit)	—	\$3,174,201 45
Credit Balance from Income Account for year 1937	—	171,811 27
Profit on Road and Equipment Sold	—	27,164 26
Adjustment Account Expiration of Sinking Fund	—	3,230,780 89
Miscellaneous Credits	—	14,911 92
Loss on Retired Road and Equipment:		
Retirement of Road — Epping to W. Gonic, N. H.	\$533,749 88	—
Retirement of Road — Hudson to Fremont, N. H.	677,963 60	—
Other Retirements of Road and Equipment.....	1,013,101 24	—
New Boston Railroad Capital Stock charged off	46,396 71	—
Miscellaneous Debits	115,417 78	—
Balance December 31, 1937	4,232,240 58	—
<i>Totals</i>	\$6,618,869 79	\$6,618,869 79
<i>Balance to next year's account (Credit)</i>		\$4,232,240 58

ADDITIONS AND BETTERMENTS

Year Ended December 31, 1937

Road

1	Engineering	\$4,555 01
2	Land for Transportation Purposes	6,596 56
3	Grading	64,169 95
5	Tunnels and Subways	6,323 41
6	Bridges, Trestles and Culverts	16,269 29
8	Ties	2,488 60
9	Rails	26,367 77
10	Other Track Material	84,688 89
11	Ballast	49,980 39
12	Track Laying and Surfacing	10,230 04
13	Fences, Snowsheds and Signs	417 73
15	Crossings and Signs	39,652 46
16	Station and Office Buildings	68,327 07
17	Roadway Buildings	1,233 67
18	Water Stations	1,015 86
19	Fuel Stations	1,048 34
20	Shops and Enginehouses	10,843 24
21	Grain Elevators	788 44
22	Storage Warehouses	2,911 87
23	Wharves and Docks	41,544 10
24	Coal and Ore Wharves	2,126 22
25	Gas Producing Plants	248 79
26	Telegraph and Telephone Lines	2,929 37
27	Signals and Interlockers	34,247 26
29	Power Plants	663 44
31	Power-Transmission Systems	6,458 39
37	Roadway Machines	25,639 71
38	Roadway Small Tools	3,778 15
39	Public Improvements—Construction	44,515 84
44	Shop Machinery	101,652 02
45	Power-Plant Machinery	1,322 15
		\$462,935 79

Equipment

51	Steam Locomotives	\$1,366,698 38
53	Freight-Train Cars	1,709,210 16
54	Passenger-Train Cars	1,164,603 31
57	Work Equipment	160,691 94
58	Miscellaneous Equipment	7,712 99
		4,408,916 78

General Expenditures

74	Stationery and Printing	\$225 00
76	Interest During Construction	239 07
77	Other Expenditures — General	170 00
		155 93
	<i>Total</i>	\$4,872,008 50

Credit:

Equipment Retired	\$3,028,795 55
Land Sold and Property Retired	1,147,435 64

4,176,231 19

Net Charge to Additions and Betterments	\$695,777 31
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Distribution as follows:

Charged to Capital Account	\$1,891,431 41
Credited to Leased Roads	1,195,654 10

\$695,777 31

Italics indicate credit.

CAPITAL STOCK AND FUNDED DEBT OUTSTANDING DECEMBER 31, 1937 — OWNED ROAD

CAPITAL STOCK		Amount Outstanding	Dividend Rate	Cumulative Dividends Unpaid Since Jan. 1, 1932—Oct. 31, 1931	Amount in Hands of the Public	Owed and Pledged as Collateral, Deposited with Trustee, or Held in Treasury* *
Prior Preference Negotiable Receipts...	\$23,132,800.00	5,700.00	7 %	† \$42.00 per share ...	\$9,633,907.50	\$197,100.00
Prior Preference Negotiable Receipts...	18,860,000.00	5 %	* 31.25 per share ...	5,892,455.00	18,833,900.00	26,100.00
First Preferred, Class A.....	7,648,800.00	8 %	* 50.00 "	3,824,400.00	7,648,800.00	
" " B.....	7,917,100.00	7 %	* 43.75 "	3,460,756.25	7,908,756.25	8,400.00
" " C.....	4,327,000.00	10 %	* 62.50 "	2,704,065.00	4,323,900.00	3,100.00
" " D.....	65,000.00	4 1/2 %	* 28.125 "	18,281.25	65,000.00	
Preferred.....	3,149,800.00	6 %		3,149,800.00	39,472,800.00	32,300.00
Common.....	39,505,100.00					
	\$104,611,300.00				\$104,344,300.00	\$267,000.00
FUNDED DEBT		Amount Outstanding		Date of Maturity	Rate	
General Mortgage Series Q.....	\$329,000.00		Feb.	2, 1940	5 %	\$245,000.00
" " R.....	2,787,000.00		May	5	2,639,000.00	\$84,000.00
" " S.....	500,000.00		Sept.	5	500,000.00	148,000.00
" " T.....	6,641,000.00		Sept.	5	5,873,000.00	
" " U.....	500,000.00		Nov.	5	500,000.00	768,000.00
" " V.....	1,968,000.00		Mar.	5	1,897,000.00	
" " W.....	1,670,000.00		Apr.	5	1,649,000.00	71,000.00
" " X.....	184,000.00		July	5	182,000.00	21,000.00
" " Y.....	2,500,000.00		Aug.	4	2,156,000.00	2,000.00
Series Z.....	958,000.00		Jan.	5	958,000.00	344,000.00
Connecticut River.....	1,541,000.00		May	5	1,538,000.00	
" " A.....	1,000,000.00		Sept.	4	961,000.00	3,000.00
Series AA.....	6,000,000.00		Jan.	5	5,560,000.00	39,000.00
" " BB.....	7,053,000.00		Apr.	5	6,097,000.00	440,000.00
" " CC.....	612,000.00		Jan.	5	612,000.00	956,000.00
" " DD.....	2,108,500.00		June	5	1,883,500.00	
" " EE.....	507,000.00		Jan.	5	447,000.00	225,000.00
" " FF.....	804,000.00		Jan.	5	801,000.00	60,000.00
" " GG.....	375,000.00		Apr.	5	375,000.00	3,000.00
" " NN.....	5,000,000.00		July	3	5,000,000.00	5,266,000.00
" "	5,454,000.00		July	3		188,000.00

"	"	Series KK.....	7,500,000 00	Mar.	1, 1952	5 7/8%		7,500,000 00
"	"	" II.....	15,000,000 00	May	1, 1955	5 7/8%	15,000,000 00	
"	"	" MM.....	3,600,000 00	Apr.	1, 1956	5 7/8%	3,600,000 00	
"	"	" JJ.....	13,943,000 00	Apr.	1, 1961	4 3/4 7/8%	75,000 00	
"	"	" LL.....	17,500,000 00	June	1, 1962	6 7/8%	17,500,000 00	
"	"	" AC.....	30,942,000 00	Sept.	1, 1967	5 7/8%	529,000 00	
<i>Total Mortgage Bonds.....</i>			\$137,146,500 00					\$32,556,000 00
<i>Equipment Trust No. 3 Trust Certificates</i>			\$141,000 00	June	1, 1938	6 7/8%	\$141,000 00	
"	"	" 4 "	750,000 00	Apr.	1, 1938-43	4 1/2 7/8%	750,000 00	
"	"	" 5 "	798,000 00	May	1, 1938-44	5 7/8%	798,000 00	
"	"	" 6 "	2,100,000 00	June	1, 1938-49	4 7/8%	2,100,000 00	
"	"	" 7 "	2,070,000 00	Dec.	1, 1938-44	3 1/2 7/8%	2,070,000 00	
<i>Total Equipment Trust Obligations</i>			\$5,859,000 00					\$5,859,000 00
<i>Collateral Notes Series A.....</i>			\$655,000 00	Mar.-Sept. 15, 1938-44	4 7/8%	\$655,000 00		
"	"	" B.....	1,610,000 00	Mar.-Sept. 15, 1938-44	4 7/8%	1,610,000 00		
"	"	" C.....	1,032,000 00	June-Dec. 1, 1938-43	4 7/8%	1,032,000 00		
"	"	" D.....	1,800,000 00	Apr. 15, 1938-46	4 7/8%	1,800,000 00		
<i>Total Collateral Notes.....</i>			\$5,097,000 00					\$5,097,000 00
Contract — Electro Motive Corp'n.....			\$155,433 19	Sert. 11, 1941	4 7/8%	\$155,433 19		
"	"	Bethlehem Steel Co.....	1,237,080 00	Aug. 15, 1942	4 7/8%	1,237,080 00		
"	"	Lima Loco. Works.....	420,833 32	Jan. 1, 1943	3 1/2 7/8%	420,833 32		
"	"	Baldwin Loco. Works.....	579,791 68	May 6, 1943	3 1/2 7/8%	579,791 68		
"	"	Pullman Standard Car Mfg. Co.....	777,174 02	Sept. 1, 1943	3 7/8%	777,174 02		
New York State E.G.C. Hoosick	"	E.G.C. Glenville	49,347 45	July 19, 1982	4 7/8%	49,347 45		
"	"	E.G.C. Glenville	10,309 52	Oct. 5, 1984	4 7/8%	10,309 52		
"	"	E.G.C. Melrose	6,125 04	July 26, 1984	4 7/8%	6,125 04		
"	"	E.G.C. Pittstown.....	52,100 44	Oct. 17, 1984	4 7/8%	52,100 44		
"	"	E.G.C. Half Moon.....	1,119 61	Feb. 19, 1987	4 7/8%	1,119 61		
"	"	E.G.C. Rotterdam	2,744 15	Nov. 8, 1987	4 7/8%	2,744 15		
<i>Total Miscellaneous Obligations</i>			\$3,292,058 42					\$3,292,058 42
<i>Grand Total Funded Debt.....</i>			\$151,394,558 42					\$118,838,558 42

** No interest accrued.

CAPITAL STOCK AND FUNDED DEBT OUTSTANDING
DECEMBER 31, 1937

Leased Roads

NAME OF ROAD AND DESCRIPTION	CAPITAL STOCK		
	Amount Outstanding	Dividend Rate (Paid as rental)	
Nashua and Lowell.....	\$800,000 00	9 %	
Stony Brook.....	300,000 00	7 %	
Wilton.....	240,000 00	8½ %	
Peterborough.....	385,000 00	4 %	
Concord and Portsmouth.....	350,000 00	7 %	
Pemigewasset Valley.....	541,500 00	6 %	
Northern.....	3,068,400 00	6 %	
Vermont and Massachusetts.....	3,193,000 00	6 %	
Troy and Bennington.....	150,800 00	10 %	
Connecticut and Passumpsic Rivers — Preferred.....	2,500,000 00	6 %	
Massawippi Valley.....	800,000 00	6 %	
Vermont Valley.....	1,000,000 00		
Sullivan County.....	500,000 00		
Franklin & Tilton.....	265,600 00		
Peterborough and Hillsborough.....	45,000 00		
Newport & Richford.....	350,000 00		
Concord & Claremont, N. H.....	412,400 00		
<i>Total Capital Stock</i>	\$14,901,700 00		
FUNDDED DEBT			
	Bonds Outstanding	Date of Maturity	Rate
Peterborough and Hillsborough.....	First Mortgage \$100,000 00	July 1, 1941	4½ %
Peterborough and Hillsborough.....	Second Mortgage 65,000 00	Apr. 30, 1887	No interest
Newport & Richford.....	First Mortgage 350,000 00	Jan. 1, 1941	5 %
Connecticut and Passumpsic Rivers.....	First Mortgage 1,900,000 00	Apr. 1, 1943	4 %
Concord & Claremont, N. H.....	First Mortgage 500,000 00	Jan. 1, 1944	6 %
Vermont Valley.....	First Mortgage 1,500,000 00	Oct. 1, 1940	4½ %
Sullivan County.....	First Mortgage 357,000 00	Apr. 1, 1944	6 %
<i>Total Funded Debt</i>	\$4,772,000 00		

MILES OF ROAD OPERATED, DECEMBER 31, 1937

	STEAM ROADS	Owned	Leased	Total
Main Lines.....		850 49	244 02	1,094 51
Branch Lines.....		578 90	190 54	769 44
Trackage Rights.....			95 82	95 82
<i>Total Road Operated</i>		1,429 39	530 38	1,959 77
Second Track.....		446 18	(A) 133 09	579 27
Third Track.....		4 40	(B) 5 53	9 93
Other Tracks.....		1,080 51	207 15	1,287 66
<i>Total Track Operated</i>		2,960 48	876 15	3,836 63

a Includes trackage rights, 17.62 miles.

b Includes trackage rights, .99 mile.

OPERATING STATISTICS

AVERAGE MILES OF ROAD OPERATED

	Year Ended Dec. 31, 1937	Increase or Decrease
Freight service	1,942.52	<i>22.82</i>
Passenger service	1,541.79	<i>97.93</i>
<i>Total</i>	1,960.71	<i>29.44</i>

TRAIN MILEAGE

Freight service (with locomotives)	3,320,723	11,880
Passenger service (with locomotives)	6,334,378	83,435
Passenger service (without locomotives)	649,268	<i>12,077</i>
Work service	141,045	<i>172,044</i>
<i>Total train miles</i>	10,445,414	<i>88,806</i>

*LOCOMOTIVE MILEAGE

Freight service	4,011,371	68,948
Passenger service	6,655,797	<i>68,607</i>
Train switching	375,192	<i>21,462</i>
Yard switching	1,984,548	<i>21,534</i>
Work service	187,245	<i>166,928</i>
<i>Total locomotive miles</i>	13,214,153	<i>167,191</i>

CAR MILEAGE

Freight-Train Car Miles:		
Loaded	117,498,451	2,274,939
Empty	49,709,923	<i>49,590</i>
Caboose	3,428,671	<i>5,166</i>
<i>Total freight-train car miles</i>	170,637,045	2,230,515
Passenger-Train Car Miles:		
Passenger coaches	14,425,063	1,113,478
Sleeping and parlor cars	4,144,582	<i>272,314</i>
Club, lounge, dining and observation cars	229,415	<i>54,924</i>
Business cars	14,898	<i>845</i>
Mail, express, and baggage cars, and combination cars other than passenger	15,815,917	<i>496,503</i>
Combination passenger cars (mail, express, or baggage with passenger)	4,327,273	<i>181,430</i>
<i>Total passenger-train car miles</i>	38,957,148	2,007,956
<i>Total transportation service car miles</i>	209,594,193	4,238,471

AVERAGES

Operating revenues per mile of road	\$23,650.97	\$276.77
Operating expenses per mile of road	17,653.86	<i>437.04</i>
Net railway operating income per mile of road	3,340.05	<i>901.45</i>
Operating revenues per train mile	\$4.50	\$0.05
Operating expenses per train mile	3.36	<i>.16</i>
Net railway operating income per train mile64	<i>.17</i>
Total Freight cars per revenue train mile	50.35	<i>.49</i>
Loaded Freight cars per revenue train mile	35.38	<i>.56</i>
Empty Freight cars per revenue train mile	14.97	<i>.07</i>
Total Passenger cars per train mile	5.58	<i>.23</i>

* Includes 265,648 electric locomotive miles, 8,598 tractor locomotive miles and 222,762 diesel locomotive miles.
 Italics indicate decrease.

TRAFFIC STATISTICS

FREIGHT

	Year Ended Dec. 31, 1937	Increase or Decrease
Freight Revenue.....	\$32,238,672	<i>\$1,034,202</i>
Tons of revenue freight carried.....	16,085,985	479,296
Tons of company freight carried.....	1,429,306	296,090
<i>Total tons of freight carried.....</i>	<i>17,515,291</i>	<i>775,386</i>
Tons of revenue freight carried one mile.....	2,278,996,148	21,394,324
Tons of company freight carried one mile.....	123,728,916	11,115,479
<i>Total tons of freight carried one mile.....</i>	<i>\$2,402,725,064</i>	<i>\$32,509,803</i>

PASSENGER

Passenger Revenue:		
Monthly commutation ticket passengers.....	\$658,399.34	<i>\$85,114.00</i>
All other commutation ticket passengers.....	947,343.39	<i>84,658.27</i>
Single fare ticket passengers (not including interline).....	3,616,391.43	419,845.03
Interline ticket passengers.....	2,279,553.25	275,965.25
<i>Total passenger revenue*.....</i>	<i>\$7,501,687.41</i>	<i>\$537,767.07</i>
Number of Passengers Carried:		
Monthly commutation ticket passengers.....	3,215,286	<i>187,286</i>
All other commutation ticket passengers.....	5,873,456	<i>597,872</i>
Single fare ticket passengers (not including interline).....	7,685,907	1,398,473
Interline ticket passengers.....	1,133,101	215,669
<i>Total number of passengers carried.....</i>	<i>17,907,750</i>	<i>828,984</i>
Number of Passengers carried one mile:		
Monthly commutation ticket passengers.....	71,558,388	<i>2,926,176</i>
All other commutation ticket passengers.....	53,650,327	<i>4,423,417</i>
Single fare ticket passengers (not including interline).....	188,801,070	35,305,158
Interline ticket passengers.....	102,513,116	18,300,104
<i>Total number of passengers carried one mile.....</i>	<i>416,522,901</i>	<i>46,215,669</i>
Number of passengers to and from Boston, including monthly ticket passengers.....	15,893,009	541,302

AVERAGES

Freight:		
Miles hauled — revenue freight.....	141.68	2.98
Tons of revenue freight per train mile.....	686.30	4.02
Tons of revenue freight per loaded car mile.....	19.40	.19
Revenue per ton of freight.....	\$2.00415	<i>\$.12781</i>
Revenue per ton per mile.....	(cents)	.069
Revenue per revenue train mile.....	1.415	\$.847
Freight revenue per loaded car mile.....	(cents)	27.438
Passenger:		
Average distance carried per passenger (miles).....	23.26	1.58
Number of passengers per train mile.....	59.64	6.97
Number of passengers per car mile.....	18.19	.83
Revenue per passenger.....	(cents)	41.89
Revenue per passenger mile, monthly commutation ticket passengers.....	(cents)	.920
Revenue per passenger mile, other commutation ticket passengers.....	(cents)	1.766
Revenue per passenger mile, single-fare not including interline.....	(cents)	1.915
Revenue per passenger mile, interline passengers.....	(cents)	2.224
Revenue per passenger mile, all passengers.....	(*cents)	1.801
Passenger revenue per passenger car mile.....	(cents)	32.763
Total passenger service train revenue per train mile.....	\$1.622	\$.115
		\$.068

Italics indicate decrease.

* 1936 included Parlor and Sleeping Car Surcharge.

The figures and tables used in this report are
from the official records of the Railroad as reported
to the Interstate Commerce Commission.
